

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COLUMBIA GAS OF KENTUCKY, INC.)	
)	
<hr style="width:50%; margin-left:0"/>)	CASE NO. 94-182
ALLEGED FAILURE TO COMPLY WITH KENTUCKY)	
REVISED STATUTES CHAPTER 278)	

O R D E R

By Order dated May 5, 1994, the Commission initiated this proceeding and directed Columbia Gas of Kentucky, Inc. ("Columbia Gas") to show cause, if any it could, why it should not be subject to the penalties prescribed by KRS 278.990 for beginning to construct a new headquarters building without obtaining a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020(1).

Columbia Gas filed its answer to the probable violation noted in the May 5, 1994 Order. A hearing was scheduled but, upon motion of Columbia Gas, the hearing was held in abeyance and an informal conference was held at the Commission's offices on June 1, 1994.

Columbia Gas appeared at the informal conference and discussed the timing of the construction of its new headquarters building, its belief that non-pipeline facilities were exempt from the requirements of KRS 278.020(1), and the tendering of an application pursuant to that statute on December 6, 1993. A written

Stipulation of Procedure and Facts ("Stipulation") was signed by Columbia Gas and Commission Staff and filed on July 1, 1994. The Stipulation sets forth a recitation of the facts pertinent to this proceeding and expresses Columbia Gas's desire to not contest the probable violation noted if the Commission approves the Stipulation and accepts the payment by Columbia Gas of a civil penalty pursuant to KRS 278.990 in the amount of \$1,250.

Determining whether the results of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration the comprehensive nature of the Stipulation and the amount of the penalty to be paid. Based on the evidence of record and being advised, the Commission hereby finds that the Stipulation is in accordance with the law and does not violate any regulatory principal. The Stipulation is the product of serious arms-length negotiation among capable, knowledgeable participants, is in the public interest and results in a reasonable resolution of all issues and charges pending in this case.

IT IS THEREFORE ORDERED that:

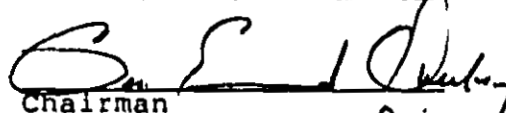
1. The Stipulation, attached hereto and incorporated herein as Appendix A, be and it hereby is adopted and approved in its entirety as a complete resolution of all issues and charges in this case.

2. Columbia Gas shall pay \$1,250 as a civil penalty within 30 days from the date of this Order by certified check or money order made payable to the Kentucky State Treasurer and mailed to

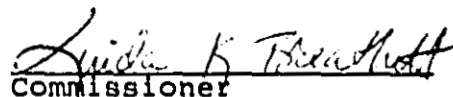
the Office of General Counsel, Public Service Commission, P. O. Box
615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 18th day of July, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

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ALLEGED FAILURE TO COMPLY WITH —)

KENTUCKY REVISED STATUTES CHAPTER 278)

STIPULATION OF PROCEDURE AND FACTS

1. By Order dated May 5, 1994, the Commission initiated this investigation to determine whether Columbia Gas of Kentucky, Inc. ("Columbia Gas"), should be subject to the penalties prescribed in KRS 278.990 for the probable violation of KRS 278.020(1). The Order arose from information submitted by Columbia Gas in Case No. 93-456¹ which indicated that Columbia Gas had started constructing a new headquarters and customer service facility in Fayette County, Kentucky, prior to obtaining a Certificate of Public Convenience and Necessity.

2. Columbia Gas was directed to file an answer to the probable violation noted in the May 5, 1994 Order and a hearing was scheduled on June 17, 1994. Columbia Gas filed its answer on May 19, 1994, and requested that an informal conference be convened.

3. Columbia Gas appeared at the informal conference and stated that, prior to beginning construction of its building, it was unaware that the Commission had interpreted KRS 278.020(1) to be applicable to non-pipeline facilities constructed by a gas distribution company. Columbia Gas indicated that the construction of its new building commenced on August 2, 1993, and that

¹Case No. 93-456, The Application of Columbia Gas of Kentucky, Inc. For a Certificate of Convenience and Necessity to Construct the Lexington District Office Building on 7.84 Acres in the Westhampton Business Park in Lexington, Kentucky.

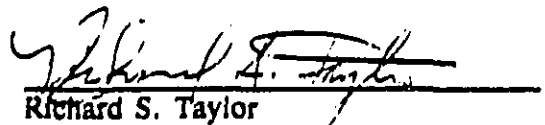
it was not aware of the need to file an application for a Certificate of Public Convenience and Necessity until it received the data request on September 17, 1993, in Case No. 93-274, Application of Columbia Gas of Kentucky, Inc. for Authority for the Issuance and Sale of Promissory Notes, which was filed by Columbia Gas on August 5, 1993. Columbia Gas tendered its Application for a Certificate of Public Convenience and Necessity for filing on December 6, 1993. The Application was approved, and a certificate issued on June 23, 1994.

4. In an effort to achieve administrative efficiency and avoid unnecessary expenditure of valuable resources, Columbia Gas, without admitting that it willfully violated any of the provisions of KRS Chapter 278, will not contest the probable violations noted in the Commission's May 5, 1994 Show Cause Order if the Commission approves this Stipulation and accepts the payment by Columbia Gas of a settlement pursuant to KRS 278.990 in the amount of \$1,250.

Dated this 27th day of June, 1994.

COLUMBIA GAS OF KENTUCKY, INC.

BY



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Hazelrigg and Cox
Post Office Box 676

Frankfort, Kentucky 40602-0676

COUNSEL FOR COLUMBIA GAS OF KENTUCKY, INC.

STAFF - PUBLIC SERVICE COMMISSION OF KENTUCKY

BY



Richard G. Raff, Its Counsel